



NEWS

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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FCC ADOPTS NEW PAYPHONE COMPENSATION RULES

Washington, DC – On September 30, 2003, the Federal Communications Commission (FCC) adopted rules concerning the compensation of payphone service providers (PSPs). These rules place liability on certain facilities-based long distance carriers to compensate PSPs for payphone-originated calls that are completed on those carriers' platforms. Those facilities-based long distance carriers are defined as switch-based resellers (SBRs), which complete payphone-originated calls on switches that they own or lease. The Order also establishes a payment mechanism for SBRs to compensate PSPs.

The FCC adopted these rules to ensure that PSPs are "fairly compensated" for all SBR completed calls made from their payphones under section 276 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996. These rules satisfy section 276 by identifying the party liable for compensation and establishing a mechanism for PSPs to be paid.

The Order is the result of a court remand of an earlier attempt by the FCC to remedy problems in the payphone compensation rules. In January 2003, ruling on a petition for review, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) vacated and remanded this proceeding's *Second Order on Reconsideration* on the grounds that parties were not afforded proper notice and opportunity for comment. The D.C. Circuit stayed its mandate and its vacatur of the *Second Order on Reconsideration* through September 30, 2003.

In May 2003, in response to the D.C. Circuit's decision, the Commission issued a *Further Notice of Proposed Rulemaking* seeking comment on whether the rules adopted in the *Second Order on Reconsideration* or other new rules were necessary to satisfy section 276's requirements. To provide carriers time to transition to these new rules and to meet Office of Management and Budget (OMB) requirements, the FCC re-adopted its previous rules on an interim basis until the first day of the first full quarter after the new rules become effective.

-FCC-

Docket No.: CC 96-128

Action by the Commission September 30, 2003 by Report & Order (FCC 03-235).

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